

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.**

Audited Financial Statements

For the Year Ended June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/17/10

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## Independent Auditor's Report

To the Board of Directors  
Louisiana Federation of Families for  
Children's Mental Health, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Louisiana Federation of Families for Children's Mental Health, Inc. (the Federation), a non-profit Louisiana corporation, as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Federation of Families for Children's Mental Health, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2009, on our consideration of Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Louisiana Federation of Families for Children's Mental Health, Inc. taken as a whole. The accompanying supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

December 16, 2009

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.  
Statement of Financial Position  
June 30, 2009**

<b>Assets</b>	
<b>Current Assets</b>	
Contracts Receivable	\$ 220,617
<b>Total Current Assets</b>	<u>220,617</u>
<b>Fixed Assets</b>	
Furniture and Equipment	80,083
Accumulated Depreciation	<u>(56,059)</u>
<b>Total Fixed Assets, Net</b>	<u>24,024</u>
<b>Other Assets</b>	
Deposits	<u>1,250</u>
<b>Total Other Assets</b>	<u>1,250</u>
<b>Total Assets</b>	<u><u>\$ 245,891</u></u>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Overdraft Payable	\$ 54,343
Accounts Payable	46,789
Payroll Taxes Payable	<u>12,266</u>
<b>Total Current Liabilities</b>	<u>113,398</u>
<b>Net Assets</b>	
Unrestricted	<u>132,493</u>
<b>Total Net Assets</b>	<u>132,493</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 245,891</u></u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.  
Statement of Activities  
For the Year Ended June 30, 2009**

	<b>Unrestricted</b>
<b>Public Support and Revenues</b>	
Government Grants and Contracts	\$ 877,405
Program Service Fees	75,968
Other Income	982
	<hr/>
<b>Total Public Support and Revenues</b>	<b>954,355</b>
	<hr/>
<b>Expenses</b>	
Contract Services	416,429
Salaries	187,567
Service Fees	75,312
Travel	58,126
Printing	36,522
Office Expenses	26,286
Insurance	22,640
Other	21,523
Payroll Taxes	16,762
Utilities	15,683
Professional Fees	12,610
Rent Expense	11,000
Dues and Memberships	8,120
Depreciation	3,432
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<b>Total Expenses</b>	<b>912,012</b>
	<hr/>
<b>Change in Net Assets</b>	<b>42,343</b>
	<hr/>
<b>Net Assets, Beginning of Year</b>	<b>90,150</b>
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<b>Net Assets, End of Year</b>	<b>\$ 132,493</b>
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The accompanying notes are an integral part of these financial statements.

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.  
Statement of Cash Flows  
For the Year Ended June 30, 2009**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 42,343
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	3,432
Increase in Contracts Receivable	(120,473)
Increase in Deposits	(150)
Increase in Overdraft Payable	48,586
Increase in Accounts Payable	42,479
Increase in Payroll Taxes Payable	283
<b>Total Adjustments</b>	<u>(25,843)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>16,500</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of Equipment	<u>(16,500)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(16,500)</u>
<b>Net Change in Cash and Cash Equivalents</b>	-
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>-</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

The significant accounting policies used in the accompanying financial statements are as follows:

**Nature of Activities**

Louisiana Federation of Families for Children's Mental Health, Inc. (the Federation) is a state-wide parent organization and network, which provides referral, informational, support and educational services to parents and advocacy on behalf of children with emotional, behavioral or mental health disorders, and their families. The primary source of income is from contracts for services provided to the State of Louisiana.

**Basis of Accounting**

The financial statements of the Federation have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation**

The Federation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Federation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Federation is required to present a statement of cash flows.

The Federation has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions are classified as unrestricted if the restriction was met in the same year the contribution was made.

**Contracts Receivable**

Contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Federation provides for losses on contract receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Federation's policy to charge off uncollectible contract receivable when management determines the receivable will not be collected.



**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Furniture and Equipment**

Furniture and equipment are stated at cost. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets:

Furniture and Equipment	5 - 7 Years
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The Federation capitalizes substantially all assets whose useful lives extend beyond a one year period.

**Income Taxes**

The Federation is a tax exempt, non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, income taxes are not provided for in the accompanying financial statements.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the *United States of America* requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash Equivalents**

The Federation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.**

**Notes to Financial Statements**

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**Note 2. Expenses by Functional Category**

As required by SFAS No. 117, the Federation's expenses for the year ended June 30, 2009, have been recapped by their functional categories as follows:

<b>Program Expenses</b>	
Region 7 CCR	\$ 296,791
Region 3	115,336
OMH 7 Care Coordination	87,293
LA YES	76,615
Community-Based Mental Health Services Grant	73,007
Research and Program Development - OMH-HQ	57,240
Region 6	32,159
OMH System of Care	30,945
Region 6 ADV	1,496
Community Based Mental Health Services Linkage	<u>456</u>
<b>Total Program Expenses</b>	<u>771,338</u>
<b>Management and General Expenses</b>	
Administration	101,062
Operating and Maintenance	<u>39,612</u>
<b>Total Management and General Expenses</b>	<u>140,674</u>
<b>Total Expenses</b>	<u><u>\$ 912,012</u></u>

Directly identifiable expenses are charged to program expenses. Expenses are segregated by function and are not allocated to more than one function. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Federation.

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.**

**Notes to Financial Statements**

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**Note 3. Grants and Contracts**

The Federation receives a majority of its funding through federal and state grants and contracts. A brief description of its larger grants and contracts is as follows:

Block Grant for Community Mental Health is a federal pass-through and state-funded regional contract funded mainly through the Louisiana Department of Health and Hospitals - Office of Mental Health. This contract is on a regional basis and is used for family mentoring, family support, care coordination and respite services. Its funding period runs from July 1<sup>st</sup> to June 30<sup>th</sup>. Total revenue for the year ended June 30, 2009, from the combined regions was \$630,948.

Community-Based Mental Health Services Grant is a federal state-wide grant funded by the United States Department of Health and Human Services. Its funding period runs from September 2008 to September 2010. Total revenue for the year ended June 30, 2009, was \$63,572.

Administrative Contract is a state-wide contract funded through the Louisiana Department of Health and Hospitals, State Planning Council on Developmental Disabilities with Act 378 Community Service Funds. Its funding period runs from July 1<sup>st</sup> to June 30<sup>th</sup> and is used primarily for the Federation's administrative, operating and education functions. Total revenue for the year ended June 30, 2009, was \$101,500.

LA - YES (1) is a state contract funded by the Louisiana Department of Health and Hospitals - Office of Mental Health. Its funding period runs from July 1, 2008, through June 30, 2009, and is used for providing staffing, training and support to families enrolled in the Louisiana Youth Enhanced Services (LA - YES). Total revenue for the year ended June 30, 2009, was \$79,015.

Seclusions and Restraints is a state-wide contract funded by the Louisiana Department of Health and Hospitals - Office of Mental Health for providing training and support to families. Total revenue for the year ended June 30, 2009, was \$2,370.

The Federation also received \$982 in other miscellaneous grants and contracts.

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.**

**Notes to Financial Statements**

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**Note 4. Contracts Receivable**

The detail of contracts receivable is as follows:

<b>Department of Health and Hospitals - Office of Mental Health</b>	<b>Amount</b>
Region 7 CCR	\$ 106,326
Region 3	44,154
OMH LA YES (1)	24,871
Region 6	18,973
OMH-HQ	14,756
Administration	7,756
Seclusions and Restraints	2,281
Region 6 ADV	1,500
<b>Total</b>	<b>\$ 220,617</b>

Contracts receivable at June 30, 2009, are estimated to be fully collectible.

**Note 5. Fixed Assets**

Depreciation expense for the year ended June 30, 2009, was \$3,432.

All assets acquired with Department of Health and Human Services funds are owned by Louisiana Federation of Families for Children's Mental Health, Inc. while used in the program for which they were purchased. The Department of Health and Human Services, however, has a reversionary interest in these assets. Should these contracts not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

**Note 6. Concentration**

The Federation receives almost all of its funding through federal and state service contracts with durations of one year or less.

**Note 7. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2009, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.**

**Notes to Financial Statements**

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**Note 8. Accounting for Uncertainty in Taxes**

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement No. 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. In accordance with FASB Staff Position (FSP) FIN 48-3, the Federation has elected to defer the application of FIN 48. Management has not assessed the impact of FIN 48 on its consolidated financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

## **SUPPLEMENTAL INFORMATION**

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.  
Schedule of Governing Board  
June 30, 2009**

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**AREA A**

**Dr. Jorge Daruna, Professional**  
1465 Magazine Street  
New Orleans, LA 70130  
Phone: 504-220-5826  
E-mail: jdaruna@dhh.la.gov  
Term Expires 06/2010

**Anna Paone Lundberg, Professional**  
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New Orleans, LA 70124  
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Term Expires 09/2011

**AREA C**

**Joseph Davis, Professional**  
6299 Carroll Circle  
Shreveport, LA 71107  
Phone: 318-287-3331  
E-mail: Hesaloy5@aol.com  
Term Expires 06/2010

**Jameka Howard, Youth**  
2521 Highway 177  
Pelican, LA 71063  
Phone: 318-755-2145  
Term Expires 09/2009

**Timothy Thomas, Professional**  
7169 Kimberly Road  
Greenwood, LA 71033  
Phone: 318-938-0543  
Alt. Phone: 318-402-6069  
E-mail: TimRThomas@bellsouth.net  
Term Expires 06/2009

**AREA B**

**Anthony D. Beasley, Parent**  
13411 Northstart Court  
Baton Rouge, LA 70815  
Phone: 225-938-3299  
E-mail: babeasley@cox.net  
Term Expires 09/2009

**Frances Matthews, Parent**  
7584 Prescott Road  
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Phone: 225-357-7623  
E-mail: franceswm@yahoo.com  
Term Expires 09/2009

**Brenda Middleton, Parent**  
11165 Black Oak Drive  
Baton Rouge, LA 70815  
Phone: 225-274-6765  
E-mail: hiddentreasure3@aol.com  
Term Expires 09/2009

**Deborah Whitfield, Professional/Parent**  
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Baton Rouge, LA 70816  
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E-mail: dwhit@cox.net  
Term Expires 06/2009



**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Louisiana Federation of Families for  
Children's Mental Health, Inc.  
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Federation of Families for Children's Mental Health, Inc. (the Federation), a nonprofit organization, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit we considered Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Federation's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Federation's financial statements that is more than inconsequential will not be prevented or detected by the Federation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Federation's internal control.

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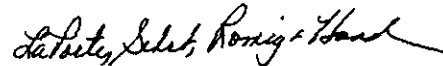


Our consideration of internal control over financial reporting was for the limited purpose described above of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Federation of Families for Children's Mental Health, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, finance committee, management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

December 16, 2009

**LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.  
Schedule of Prior Year Findings and Responses  
For the Year Ended June 30, 2009**

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**2008 – 1 Improve Documentation on Payroll and Approved Salaries**

*Status:* This finding has been resolved.